

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 SP-02 USIA-06 AID-05 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
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E.O. 11652: GDS
TAGS: EFIN
SUBJECT: QAYSUNI ON GOE DEBT POSITION AND TRADE ACCOUNT

REF: (A) CAIRO 14066, (B) CAIRO A-105

1. EGYPTIAN DAILY REPORTS DEPRIMIN QAYSUNI DISCUSSED DETAILS OF GOE FOREIGN DEBT POSITION AND 1977 TRADE ACCOUNT DURING AUGUST 25 CABINET MEETING. ACCORDING TO AKHBAR ARTICLE, QAYSUNI SAID OUTSTANDING NON-MILITARY CONVERTIBLE CURRENCY OBLIGATIONS REACHED LE 3,174 MILLION EQUIVALENT AT END OF 1976. FIGURE CONTRASTED SHARPLY WITH LE 558 MILLION OUTSTANDING IN 1967. OF 1976 TOTAL, LE 207 MILLION REPORTEDLY IS SUPPLIERS' CREDITS AND LE 565 MILLION HELD BY COMMERCIAL BANKS.

2. QAYSUNI FURTHER COMMENTED THAT DURING FIRST HALF 1977 GOE CONVERTIBLE RECEIPTS WERE LE 691 MILLION. OF THAT TOTAL, ALMOST HALF (LE 307 MILLION) RESULTED FROM SUEZ CANAL TOLLS, TOURISM RECEIPTS, AND "FINANCIAL ACTIVITIES." NEED FOR AVAILABLE CONVERTIBLE CURRENCY DURING SAME PERIOD WAS LE 788 MILLION, RESULTING IN FOREIGN EXCHANGE GAP OF LE 97 MILLION. ARTICLE NOTED THAT FIRST HALF 1977 REQUIREMENTS EXCEED BUDGETARY ESTIMATE BY LE 224 MILLION.

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3. FURTHER TO HIGHLIGHT REASONS FOR INCREASING FOREIGN EXCHANGE NEEDS, QAYSUNI POINTED TO IMPORT ACCOUNTS FOR CURRENT YEAR. TOTAL IMPORTS REACHED VOLUME OF LE 1,725 MILLION IN FIRST HALF OF 1977. INTERMEDIATE COMMODITIES REQUIRED FOR INCREASED PRODUCTION IN INDUSTRIAL AND AGRICULTURAL SECTORS ACCOUNTED FOR LE 307 MILLION OF TOTAL. CAPITAL GOODS IMPORTS DURING SAME PERIOD EQUALED

LE 108 MILLION. THOUGH TOTAL EXPORT FIGURES WERE UNAVAILABLE, QAYSUNI NOTED THAT EXPORTS IN THE INDUSTRIAL AND AGRICULTURAL SECTORS WERE LE 280 MILLION.

4. QAYSUNI ALSO NOTED THAT GOE IS NOW COMPUTING ABOUT 71 PERCENT (LE 1,230 MILLION) OF IMPORTS AT THE INCENTIVE RATE OF EXCHANGE (LE 1 EQUALS \$1.43) AND EXPORTS, ACCORDING PRESS REPORT, WILL EVENTUALLY BE COMPUTED AT THIS EXCHANGE RATE AS WELL. EXPORTS OF PETROLEUM, COTTON AND RICE CONTINUE TO BE VALUED AT THE OFFICIAL EXCHANGE RATE (LE 1 EQUALS \$2.56).

5. COMMENT: QAYSUNI'S FIGURES TRACK REASONABLE WELL WITH CENTRAL BANK FIRST QUARTER DATA (REPORTED REF B). ISOLATED FIGURES REPORTED IN PRESS ACCOUNT -- SUCH AS TOTAL DEBT OUTSTANDING AT END OF 1976 -- FURTHER ARE INFORMATIVE, BUT SHOULD BE NOTED THAT COMPLEXITY OF GOE'S EXTERNAL FINANCING PRECLUDES RECONSTRUCTION OF DEBT BURDEN STATUS FROM DEPRIMIN'S REMARKS. SEE REF A FOR LATEST WE HAVE ON CURRENT STATE OF PLAY.
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